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INTELLIGENCE REPORT

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COUNTRY Germany (Russian Zone)

SUBJECT Reorganization of State-owned Enterprises

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SUPPLEMENT

EVALUATE

1. It is reported that Fritz Selbmann had a conference in November 1947 with Lehmann, president of the Directorate of State-owned Enterprises in Saxony at which it was agreed that a complete reorganization was necessary. The new system will be based on Russian practices. The present sixty-five industry administrations in Saxony (Industrieverwaltungen) will be replaced by twenty industry groups. The resultant reduction in personnel is to be used to eliminate all non-SED directors.
2. The industry administration offices were generally located in the same place as the chief factory of their respective branch. The industry group offices are to be in Dresden or Chemnitz except for two in Leipzig. The enterprises which are now called state-owned (landeseigen) are to be re-named "people's enterprises" (volkseigen).
3. *25X1X* the purpose of these changes is to place the enterprises under close control by SIA Dresden. SIA has announced that too few enterprises have been socialized in Saxony and Thuringia, and additional factories are now being requisitioned.
4. In January 1948 the directors of state-owned factories in the rest of the Russian Zone are to meet to learn of the results of the new order in Saxony and to draw up plans for their own reorganization.

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